

**Office of the Executive Director of the
District Attorneys General Conference**

July 2004

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STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
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John G. Morgan
Comptroller

July 15, 2004

Members of the General Assembly
State Capitol
Nashville, Tennessee 37243
and

The Honorable Frank F. Drowota, III, Chief Justice
Tennessee Supreme Court
401 Seventh Avenue North
Nashville, Tennessee 37219-1407
and

Mr. James W. Kirby, Executive Director
Tennessee District Attorneys General Conference
Suite 800, Capitol Boulevard Building
226 Capitol Boulevard
Nashville, Tennessee 37243

Ladies and Gentlemen:

Transmitted herewith is the financial and compliance audit of the Office of the Executive Director of the District Attorneys General Conference for the period July 1, 2001, through February 29, 2004.

The review of internal control and compliance with laws and regulations resulted in certain findings which are detailed in the Objectives, Methodologies, and Conclusions section of this report.

Sincerely,

John G. Morgan
Comptroller of the Treasury

JGM/mb
04/042



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF STATE AUDIT**

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March 12, 2004

The Honorable John G. Morgan
Comptroller of the Treasury
State Capitol
Nashville, Tennessee 37243

Dear Mr. Morgan:

We have conducted a financial and compliance audit of selected programs and activities of the Office of the Executive Director of the District Attorneys General Conference for the period July 1, 2001, through February 29, 2004.

We conducted our audit in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. These standards require that we obtain an understanding of internal control significant to the audit objectives and that we design the audit to provide reasonable assurance of the Office of the Executive Director of the District Attorneys General Conference's compliance with laws, regulations, and provisions of contracts or grant agreements significant to the audit objectives. Management of the conference office is responsible for establishing and maintaining effective internal control and for complying with applicable laws, regulations, and provisions of contracts and grant agreements.

Our audit disclosed certain findings which are detailed in the Objectives, Methodologies, and Conclusions section of this report. The conference office's administration has responded to the audit findings; we have included the responses following each finding. We will follow up the audit to examine the application of the procedures instituted because of the audit findings.

We have reported other less significant matters involving the conference office's internal control and/or instances of noncompliance to the management of the Office of the Executive Director of the District Attorneys General Conference in a separate letter.

Sincerely,

Arthur A. Hayes, Jr., CPA,
Director

AAH/mb

State of Tennessee

Audit Highlights

Comptroller of the Treasury

Division of State Audit

Financial and Compliance Audit

Office of the Executive Director of the District Attorneys General Conference

July 2004

AUDIT SCOPE

We have audited the Office of the Executive Director of the District Attorneys General Conference for the period July 1, 2001, through February 29, 2004. Our audit scope included a review of internal control and compliance with laws and regulations in the areas of payroll and personnel, expenditures, equipment and office leases, and district offices. The audit was conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States.

AUDIT FINDINGS

Offices of the District Attorneys General Do Not Maintain Adequate Leave Records and Allow Employees to Take Unearned Leave **

Leave policies vary substantially from district to district, and adequate control does not exist to ensure accurate payroll liabilities are reported timely. As a result of inconsistent timekeeping procedures, payments are being made to employees with overdrawn leave balances. At least 68 overpayments totaling \$13,192.79 that were noted during the audit period occurred due to unearned leave that had not been deducted from the employees' pay in the period the leave was taken (page 5).

The Conference Office Has Failed to Research Support for Payments to Prevent Overpayments and Duplicate Payments to Vendors**

The conference office in Nashville does not have a system in place to identify billings that have already been paid, resulting in overpayments to vendors. During the audit period, there were 48 known overpayments and duplicate payments totaling \$9,376.91 (page 7).

Controls Over Equipment Are Inadequate **

Many equipment items could not be located, were not properly tagged, or were not listed correctly on the Property of the State of Tennessee listing (page 9).

* This finding is repeated from the prior audit.

** This finding is repeated from prior audits.

**Financial and Compliance Audit
Office of the Executive Director of the
District Attorneys General Conference**

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Financial and Compliance Audit Office of the Executive Director of the District Attorneys General Conference

INTRODUCTION

POST-AUDIT AUTHORITY

This is the report on the financial and compliance audit of the Office of the Executive Director of the District Attorneys General Conference. The audit was conducted pursuant to Section 4-3-304, *Tennessee Code Annotated*, which requires the Department of Audit to “perform currently a post-audit of all accounts and other financial records of the state government, and of any department, institution, office, or agency thereof in accordance with generally accepted auditing standards and in accordance with such procedures as may be established by the comptroller.”

Section 8-4-109, *Tennessee Code Annotated*, authorizes the Comptroller of the Treasury to audit any books and records of any governmental entity that handles public funds when the Comptroller considers an audit to be necessary or appropriate.

BACKGROUND

As set forth in Section 8-7-307, *Tennessee Code Annotated*, the purpose of the Office of the Executive Director of the District Attorneys General Conference is “to assist in improving the administration of justice in Tennessee by coordinating the prospective efforts of the various district attorneys general and by performing the duties and exercising the powers herein conferred.”

The Office of the Executive Director of the District Attorneys General Conference serves as the central administrative office for Tennessee’s 31 district attorneys general, who, although elected by the voters of their local districts, are state officials. The conference office is responsible for budgeting, payroll, purchasing, personnel, and administration of state fiscal and accounting matters pertaining to the district attorneys general and their staffs.

The conference office is also responsible for maintaining liaison between the district attorneys general and other government agencies, including the courts, the General Assembly, and the coordination of multidistrict prosecution; preparation of forms, manuals, and indexes; and development and implementation of training programs.

Title IV-D Child Support Funds

Chapter 974, Public Acts of 1990, provides for the conference office to serve as the fiscal office for the receipt and disbursement of child support incentive funds (distributed under provisions of Section 36-5-107, *Tennessee Code Annotated*) if the office of the district attorney general is the agency actually participating in the child support program.

Fraud and Economic Crimes Prosecution Funds

The Fraud and Economic Crimes Prosecution Act of 1984 provides that district attorneys general have “resources necessary to deal effectively with fraud and other economic crimes, and to provide a means of obtaining restitution in bad check cases prior to the institution of formal criminal charges.” Any fees assessed as a result of this law are collected by the court clerk. The clerk in each county is to deposit fees in an account with the county trustee in the county of the district attorney general’s residence. These funds are to be disbursed at the direction of the district attorneys general, who are required to submit an annual report of Fraud and Economic Crime expenditures to the Comptroller of the Treasury.

An organization chart of the department is on the following page.

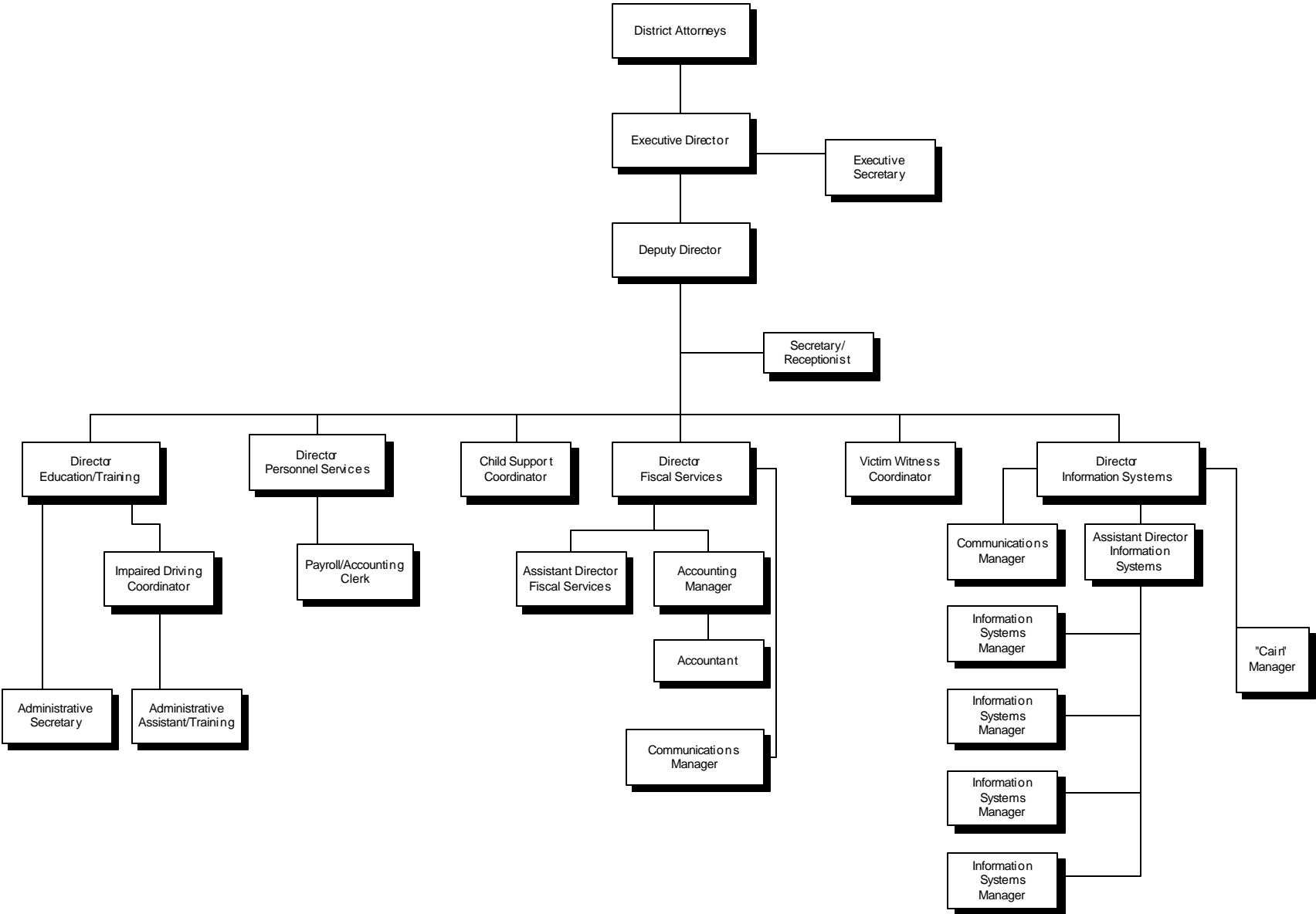
AUDIT SCOPE

We have audited the Office of the Executive Director of the District Attorneys General Conference for the period July 1, 2001, through February 29, 2004. Our audit scope included a review of internal control and compliance with laws and regulations in the areas of payroll and personnel, expenditures, equipment and office leases, and district offices. The audit was conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States.

PRIOR AUDIT FINDINGS

Section 8-4-109, *Tennessee Code Annotated*, requires that each state department, agency, or institution report to the Comptroller of the Treasury the action taken to implement the recommendations in the prior audit report. The Office of the Executive Director of the District Attorneys General Conference filed its report with the Department of Audit on January 30, 2003. A follow-up of all prior audit findings was conducted as part of the current audit.

Office of the Executive Director of the District Attorneys General Conference Organization Chart



RESOLVED AUDIT FINDINGS

The current audit disclosed that the Office of the Executive Director of the District Attorneys General Conference has corrected a previous audit finding concerning controls over purchasing. Also, the portion of a previous audit finding concerning inadequate controls over leased office space has been corrected.

REPEATED AUDIT FINDINGS

The prior audit report also contained findings concerning offices of district attorneys general not maintaining adequate leave records, occurrences of overpayments and duplicate payments to vendors for purchases made by the judicial districts, and inadequate controls over equipment. These findings have not been resolved and are repeated in the applicable sections of this report.

OBJECTIVES, METHODOLOGIES, AND CONCLUSIONS

PAYROLL AND PERSONNEL

The objectives of our review of the payroll and personnel controls and procedures of the Office of the Executive Director of the District Attorneys General Conference were to determine whether

- controls over payroll and personnel were adequate;
- payroll disbursements were made only for work authorized and performed;
- payroll was computed using rates and other factors in accordance with relevant laws and regulations;
- payroll was recorded correctly as to amount, period, and cost center;
- payroll was properly approved;
- employees were qualified for their positions; and
- adequate leave records were maintained to accurately report liabilities at fiscal year-end.

We interviewed key conference employees to gain an understanding of procedures and controls over payroll and personnel. A nonstatistical sample of payroll transactions for July 1, 2001, through October 31, 2003, was tested for proper approval of salary rates, leave slips, and time sheets, and for accurate recording. Also, deductions were reviewed to ensure they were authorized by employees, and applicable *Tennessee Code Annotated* laws were reviewed to determine if the district attorneys general's, assistant district attorneys', and criminal investigators' salary levels were appropriate. The personnel files of the employees selected in the sample were reviewed for pay raises, qualifications and salary rates for new employees, and final pay for terminated employees. We sent positive confirmations to employees in the sample to verify job descriptions and duties. Also, we reviewed leave records to determine if district offices were maintaining adequate records detailing ending balances.

As a result of our testwork, we determined that controls over payroll and personnel were adequate. Payroll disbursements were authorized for work performed, computed and recorded correctly, and approval was documented. Personnel files were complete and supported the payroll transactions tested and employee qualifications. Confirmations and coworkers verified the existence of each employee tested. However, we noted that the district offices do not maintain adequate leave records and allow employees to take unearned leave.

1. Offices of the district attorneys general do not maintain adequate leave records and allow employees to take unearned leave

Finding

As noted in four prior audits, not all offices of district attorneys general maintain adequate leave records. As established by an Attorney General Opinion issued August 6, 1975, each district attorney general is empowered to institute a reasonable leave policy for his or her own district. However, leave policies vary substantially from district to district, and adequate control does not exist to ensure accurate payroll liabilities are reported timely.

The conference office's management concurred with the prior audit findings. Management stated that they had advised each office to either adopt the State of Tennessee leave policy or implement their own leave policy and submit it, in writing, to the conference office. The offices were also encouraged to use formal leave requests for their employees in order to maintain accurate records. Although many of the districts adopted policies, leave and attendance records are still deficient. Also, those districts with leave policies in place did not always report leave timely for payroll processing.

District policies were reviewed at 12 district offices to determine the extent of control maintained over payroll liabilities. Six districts reviewed, including the 4th District Sevierville office, 8th District Huntsville office, 9th District Kingston office, 13th District Cookeville office, 22nd District Lawrenceburg office, and the 30th District Memphis office, maintained time sheets or equivalent records of attendance. The 1st District Jonesborough office and 31st District McMinnville office maintained leave request documentation but did not maintain time sheets or equivalent records of attendance and

did not always report leave without pay timely. Four districts, including the 16th District Murfreesboro office, 17th District Fayetteville office, 19th District Clarksville office, and 25th District Somerville office, had not adopted policies for leave records or time sheets. As a result of inconsistent timekeeping procedures, payments are being made to employees with overdrawn leave balances. At least 68 overpayments totaling \$13,192.79 noted during the audit period occurred due to unearned leave that had not been deducted from the employees' pay in the period the leave was taken. Seven of the overpayments have never been collected. Adequate leave records and timely reporting of time and attendance would have prevented overpayments from occurring.

The Office of the Executive Director of the District Attorneys General Conference developed leave and attendance policies and procedures for the districts to follow. Several district offices have elected to follow this policy while others have developed their own. Maintaining accurate district office leave records allows the conference office to ensure the accuracy of claims for payment of leave at termination. Accurate and timely leave records allow the Fiscal Director to avoid payroll overpayments and to report an accurate leave liability to the Department of Finance and Administration for inclusion in the state's *Comprehensive Annual Financial Report* as well as ensuring that employees are not taking unearned leave.

Recommendation

The Director of Personnel should monitor leave activity. As recurring overpayments and inaccuracies with leave records are discovered for particular districts, those districts should again be encouraged to adopt a formal leave request policy to reduce the administrative cost to the state. The time frames for reporting leave without pay should be reviewed, and districts that consistently report leave without pay should be encouraged to report more timely. All districts that accrue leave should ensure accurate information related to that liability is reported to the state at year-end. The Director of Personnel should review the liabilities reported for reasonableness based on each district's reported policy.

Management's Comment

We concur. Also, in the report, it is stated that the Office of the Executive Director of the District Attorneys General Conference has developed leave and attendance policies and procedures for the districts to follow. This office continues to strongly urge all districts to adopt these policies. While many of the districts have elected to follow these policies, some have chosen not to do so. As stated previously in our prior "Management's Comment," at least two (2) district offices have submitted formal policies to the Department of Personnel for their approval and have received no response.

EXPENDITURES

Our objectives in reviewing the expenditure transactions of the Office of the Executive Director of the District Attorneys General Conference were to determine whether

- control over expenditures is adequate;
- recorded expenditures were for goods or services authorized and received;
- all expenditures incurred for goods or services had been identified and recorded;
- expenditures for goods or services had been recorded correctly;
- expenditures that do not require additional approvals were appropriate;
- all payments for travel had been paid in accordance with the *Comprehensive Travel Regulations*; and
- any duplicate payments or overpayments were made.

We discussed expenditure and disbursement controls with key personnel to gain an understanding of the conference's procedures over these areas. We reviewed supporting documentation and tested a nonstatistical sample of transactions from July 1, 2001, through November 30, 2003, to determine whether the expenditures were authorized, received, and recorded correctly. We selected a nonstatistical sample of expenditures under \$1,000 for the same time period to ensure that the expenditures were appropriate. For travel expenditures, we selected a sample of travel claims for July 1, 2001, through November 30, 2003, and reviewed the claims for compliance with *Comprehensive Travel Regulations*. In addition, we extracted information related to warrant cancellations and credit transactions to search for duplicate payments.

As a result of our testwork, we determined that control over expenditures is adequate. Expenditures were authorized, goods were received, and amounts were recorded correctly. Expenditures under \$1,000 were appropriate and travel expenditures were in compliance with *Comprehensive Travel Regulations*. However, we found that the conference has made many duplicate payments and overpayments.

2. The conference office has failed to research support for payments to prevent overpayments and duplicate payments to vendors

Finding

As noted in the prior audit, the conference office in Nashville does not have a system in place to identify billings that have already been paid, resulting in overpayments to vendors. Management

concurred with the prior finding and stated that no payments would be processed from faxed copies of invoices. However, this process is not preventing overpayments resulting from duplicate billings by the vendors. While initial payments are being processed, the vendor sometimes sends a second bill. Without a mechanism to check to see if the bill has already been paid, the conference office will continue to make overpayments.

The overpayments and duplicate payments were only discovered because some vendors reported them to management. Transactions involving warrant cancellations included 3 overpayments totaling \$705.93 and 25 duplicate payments totaling \$5,351.87. In addition, transactions involving cash payments from vendors included 17 overpayments totaling \$3,225.64 and 3 duplicate payments totaling \$93.47. In summary, there were 48 known overpayments and duplicate payments totaling \$9,376.91. This total only includes known overpayments and duplicate payments. The actual amount of overpayments and duplicate payments that were not returned by vendors is unknown and would require additional research by the conference office.

Effective management would require that controls are in place and operating in such a manner that overpayments and duplicate payments would be kept to a minimum. Without adequate internal control, overpayments and duplicate payments will continue to be made.

Recommendation

The conference office should take appropriate measures to establish internal control that will minimize duplicate payments to vendors. Before the billings are approved for payment, the conference office should research information in the accounting system to determine if the vendor has already been paid based on districts and service dates.

Management's Comment

We concur. There are, however, a few factors we feel are important in our response to this finding. In order to confirm whether or not an invoice has been previously paid, someone would have to go into STARS and verify each payment. With over 40,000 invoices processed, this is not reasonable or time efficient. As discussed with the audit team, the correct procedure would be for STARS to have a mechanism that would flag duplicate invoices and verify that the warrant has been redeemed. Some of the overpayments occurred due to utility companies sending in a refund, when an account has been closed. Other deposits occur when a copier has been bought out and the amount sent to the vendor exceeds the exact buy-out.

Auditor's Comment

Utility refunds and copier buy-outs were not included in the amounts that were represented in the finding.

EQUIPMENT AND OFFICE LEASES

The objectives of our review of the equipment and lease controls of the Office of the Executive Director of the District Attorneys General Conference were to determine whether

- control over equipment was adequate;
- property and equipment on the Property of the State of Tennessee (POST) listing represented a complete and valid listing of the cost of assets purchased or leased and physically on hand;
- property and equipment were adequately safeguarded; and
- rental and lease arrangements for office space, equipment, etc., were supported by appropriate legal documents, such as a contract or lease agreement.

We interviewed key conference personnel to gain an understanding of procedures and controls for safeguarding and accounting for equipment and reviewed these controls and procedures. In addition, we tested a nonstatistical sample of equipment purchases for July 1, 2001, through November 30, 2003, and a nonstatistical sample of equipment recorded on POST at February 19, 2004, to determine if the actual items agreed by tag number, serial number, description, and location with the POST equipment listing. For the purchases sample, we also reviewed invoices to determine if the equipment was recorded for the correct amount. For completeness, we located various equipment items at the field offices and verified whether the items were included in POST. In addition, we reviewed lease agreements to determine if appropriate lease documents were maintained.

As a result of our testwork, we determined that appropriate legal documents were obtained for rental or lease arrangements. However, we determined that control over equipment was not adequate. POST records were not accurate or complete.

3. Controls over equipment are inadequate

Finding

As noted in four prior audits, which covered July 1, 1993, to June 30, 2001, the conference still does not have adequate controls over equipment. The conference office's management concurred with the prior finding, stating that they were continuing to improve accountability by visiting districts periodically and insisting on more stringent efforts when trying to locate misplaced equipment. However, the problems noted in this finding indicate that weaknesses still exist with the conference office's control over equipment. The prior finding also noted certain oral agreements existed in lieu of formal leases. This has been addressed by management and is considered resolved.

Equipment records were reviewed at the conference office and at the offices of 14 district attorneys general. Equipment was tested in several ways during the audit period. A sample of equipment items was taken from the Property of the State of Tennessee (POST) listing, and a sample of expenditures for equipment was taken from the State of Tennessee Accounting and Reporting System. In addition, items were chosen and traced back to the post listing at 13 of the district offices visited, and every piece of equipment was tested at District 11 to follow up on the prior audit's equipment finding. The following weaknesses indicate a lack of control over and accountability for equipment:

Fraud and Economic Crime Fund purchases were not added to POST

- Approximately 18 items located at the 30th District Memphis office were purchased with the Fraud and Economic Crime Fund money and were not added to POST.
- Approximately 30 items located at the 9th District Kingston office were purchased with the Fraud and Economic Crime Fund and were not added to POST.

Equipment was not located

- Four of 71 equipment items tested in District 11 – Chattanooga as follow-up to the prior audit's finding (6%) could not be physically located. The missing items included a personal computer and three printers that cost a total of \$2,794. Due to the confusion created by the lack of accurate recordkeeping, two of the printers had been surplus by the county government.
- Two of 131 equipment items tested from POST (2%) could not be physically located or confirmed. The items included a computer with a DVD and CD ROM drive and a monitor that cost a total of \$1,362.

Equipment was not tagged

- Sixty-seven of 67 equipment items tested in District 11 – Chattanooga as follow-up to the prior audit's finding costing \$192,672 (100%) did not have property tags affixed to the equipment item.
- Two of 131 equipment items tested from POST (2%) costing \$1,137 did not have the correct property tags affixed.

Information on POST was not correct

- Eleven of 131 equipment items tested from POST (8%) did not agree with POST. Nine items had incorrect serial numbers. Two items had incorrect locations.

- When selecting equipment observed at the offices to see if the items were on POST, 9 of 127 items (7%) did not agree with POST. Three were not on POST at all, five had incorrect serial numbers, and one had an incorrect tag number.
- Two of 84 equipment items tested that were purchased during the audit period were added to POST at an incorrect purchase price.

Several districts have not shown due care in accounting and tracking state equipment. The offices are autonomous, which makes it difficult for the conference office to impose procedures related to equipment. However, because the equipment has been purchased with state funds and is considered to be assets of the State of Tennessee, the conference office should continue to exercise oversight in this area to ensure that the assets are accounted for and recorded correctly.

Recommendation

The Executive Director and property officer should improve accountability for the equipment used by the conference office and each of the 31 district attorneys general. The conference should have staff periodically visit and monitor the districts that are experiencing the problems noted. Each district attorney general should be held accountable for the State of Tennessee equipment assigned to his or her office or purchased through the Fraud and Economic Crime Fund and should report inventory changes to the conference office. The conference office should continue to assist with the inventory process to ensure that the year-end asset count is correct and information on POST is updated. All equipment purchased through the State of Tennessee should be correctly added to the POST system and tagged appropriately as State of Tennessee equipment.

Management's Comment

We concur. We are continuing to establish effective procedures, to eliminate audit findings, relative to the physical inventory. We have asked for a Property Officer to dedicate time exclusive to property receipts, tagging, and continuing verification. This improvement request has, to date, never been approved in our budget. We have now assigned the property duties to an individual in the Fiscal Services Division. The Fiscal Director will be working closely with the person to correct on-going and persistent problems. The new property officer will travel to the judicial districts and data scan all property. This should greatly alleviate district offices that have not affixed tags in a timely and proper manner. We now have specific guidelines from the Comptroller's Office relating to equipment purchased with Fraud & Economic Crime Funds. We have communicated the guidelines to all districts and especially to the ones that have been repeatedly not complying with this procedure. The Fiscal Director is going to set out in writing specific guidelines for purchasing, maintaining, and disposal of inventoried equipment. This will be included in the Fiscal Manual and distributed to the staff at the

upcoming August Training Conference. We are making a concerted effort to ensure that POST is updated and reconciled to our inventory records.

DISTRICT OFFICES

The objectives of our review of the district office controls and procedures were to determine whether

- offices of the district attorneys general had adequate controls over payroll, leave, travel, and equipment;
- travel claims were appropriate, and expenses claimed for reimbursement from the state are not also claimed for reimbursement from the county;
- cellular phone usage policies and amounts appear reasonable; and
- salary supplements and other benefits were in accordance with applicable statutes.

We interviewed key personnel to obtain an understanding of controls for payroll, leave, travel, and equipment. We also spoke to personnel about policies related to cell phone usage and information related to salary supplements. We reviewed a sample of travel claims for the offices for July 1, 2001, through November 30, 2003, and determined whether there were also county travel claims submitted. We performed testwork supporting the findings in the payroll and personnel, expenditures, and equipment sections of this report.

As a result of our testwork, we determined that controls related to payroll, leave, and equipment were not always adequate. Cell phone procedures were adequate, salary supplements were authorized, and county travel claims did not include travel reimbursement by the state. Other than the findings previously reported, we had no findings related to the field office visits.

OBSERVATIONS AND COMMENTS

TITLE VI OF THE CIVIL RIGHTS ACT OF 1964

Section 4-21-901, *Tennessee Code Annotated*, requires each state governmental entity subject to the requirements of Title VI of the Civil Rights Act of 1964 to submit an annual Title VI compliance report and implementation plan to the Department of Audit by June 30 each year. The Office of the Executive Director of the District Attorneys General Conference filed its compliance reports and implementation plans on June 27, 2003; June 27, 2002; and July 2, 2001.

Title VI of the Civil Rights Act of 1964 is a federal law. The act requires all state agencies receiving federal money to develop and implement plans to ensure that no person shall, on the grounds of race, color, or origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal funds. The Human Rights Commission is the coordinating state agency for the monitoring and enforcement of Title VI. A summary of the dates state agencies filed their annual Title VI compliance reports and implementation plans is presented in the special report *Submission of Title VI Implementation Plans*, issued annually by the Comptroller of the Treasury.

AUDIT COMMITTEE RECOMMENDED

The District Attorneys General Conference members should establish an audit committee as a standing committee. The audit committee should be composed of at least three members. The chair of the audit committee should preferably have some accounting or financial management background, and each member of the committee should have an adequate background and education to allow a reasonable understanding of the information presented in the financial reports of the conference and the comments of auditors with regard to internal controls and compliance findings.

The audit committee should have a written charter that addresses the committee's purpose, which should, at a minimum, be to assist the conference members in its oversight of the integrity of the conference office's management and staff, the integrity of the conference office's financial reports, establishment and maintenance of strong internal controls, and compliance with legal requirements and applicable rules. The charter should include guidelines and policies on how the conference members will identify risks of fraud and financial reporting irregularities and monitor and control those risks.

The audit committee should meet regularly. These meetings may take place during dates for other conference meetings, but the committee should meet separately from those other meetings. At one of the meetings, the audit committee should review the financial and compliance audit of the conference by the Comptroller's Office and consider what actions are necessary in response to any findings of the audit.

The audit committee should also meet, as appropriate, to review any other audit or investigative reports issued by the Comptroller's Office relative to the conference. The audit committee should serve to facilitate the audit.

The audit committee should reiterate in its charter that the Executive Director and senior management are primarily responsible for assessing the conference's exposure to risks of fraud and financial reporting irregularities, and those responsibilities should be regularly restated to top management of the conference.

The audit committee should establish policies and procedures for encouraging management and staff of the conference who have knowledge of questionable actions of any employee of the conference or conference member, relating to fraud or abuse of conference

assets or funds or financial reporting irregularities, to report that information to the audit committee. The audit committee should immediately inform the Comptroller's Office of any such information it receives.

The audit committee should develop a written code of conduct to recommend to the full conference for communication to management and staff which reminds all employees of the public nature of the conference and the need to protect conference assets from waste, abuse, and fraud and to avoid engaging in activities which bring dishonor to the conference.

APPENDIX

ALLOTMENT CODES

Office of the Executive Director of the District Attorneys General Conference allotment codes:

- 304.01 District Attorneys General – This code provides salaries and operating expenses for the 31 judicial districts that handle criminal prosecution.
- 304.05 District Attorneys General Conference – This code provides travel and related expenses associated with the annual conference, various meetings and committees, and other training the district attorney or his/her staff may attend.
- 304.10 Executive Director – This code provides salaries and operating expenses for the Executive Director's Office.
- 304.15 Title IV-D Child Support – This code provides salaries and operating expenses for the 20 districts that have child support programs handled by the district attorney general. These offices are responsible for assisting children and their guardians in locating absent parents and enforcing child support decrees of the court.